

FORM EIA-28
FINANCIAL REPORTING SYSTEM

INSTRUCTIONS

U.S. DEPARTMENT OF ENERGY
ENERGY INFORMATION ADMINISTRATION

DECEMBER 1996

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I. General Instructions

A. Purpose and Legislative Authority

The legislative authority for the Energy Company Financial Reporting System (FRS), Form EIA-28, is provided by Section 205(h) of the Department of Energy Organization Act of 1977 (Public Law 95-91).

The data collected include revenues, profits, funds flows, and investments in total, as well as by type of energy (e.g., petroleum, coal, and other energy) by function (e.g., producing, refining, and marketing), and by geographic area. The data are used to evaluate the competitive environment within which energy products are supplied and developed and to analyze the nature of institutional arrangements as they relate to energy resource development, supply, and distribution. The information is published annually in the report, entitled *Performance Profiles of Major Energy Producers*.

B. Filing Requirements

The FRS schedules are designed to collect information for reporting periods that coincide with the fiscal years of individual reporting companies.

Requests For Exception From Reporting Requirements

Requests for exception from reporting requirements should be made with the FRS program office at the address on the following page. Appeals of FRS program office decisions may be filed with the Office of Hearings and Appeals, Department of Energy, in accordance with the provisions of 10 CFR 205 (D).

Filing Due Dates

Reporting companies will be notified individually as to the due date.

Extensions of Time To File

If the entire FRS form is not expected to be completed by the due date, requests for a *two week* extension will be considered if the Team Leader of the Financial Reporting System has been notified in writing at least one month in advance of the due date. Such notification letter must detail why the due date cannot be met.

C. Other Filing Requirements

Who Must File

The Administrator of the Energy Information Administration has designated the 24 major energy producing companies required to report. Respondents have been notified of their reporting requirements.

Where to File

Submit two (2) copies of the completed Form EIA-28, supporting documentation and exhibits to the following address:

U.S. Department of Energy
Financial Reporting System, EI-622
Forrestal Building, Rm 2G-090
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Certification

The FRS Certification Statement on each of the submitted copies must be signed by an officer of the reporting company, or a designee of an officer of the reporting company.

D. Confidentiality

The Office of Legal Counsel of the Department of Justice concluded on March 20, 1991, that the Federal Energy Administration Act requires the Energy Information Administration to provide company-specific data to the Department of Justice, or to any other Federal agency when requested for official use, which may include enforcement of Federal law. The information contained on this form may also be made available, upon request, to another component of the Department of Energy (DOE); to any Committee of Congress, the General Accounting Office, or other Congressional agencies authorized by law to receive such information. A court of competent jurisdiction may obtain this information in response to an order.

The information contained on this form will be kept confidential and not disclosed to the public to the extent that it satisfies the criteria for exemption under the Freedom of Information Act (FOIA), 5 U.S.C. §552, the DOE regulations, 10 C.F.R. §1004.11, implementing the FOIA, and the Trade Secrets Act, 18 U.S.C. §1905.

Upon receipt of a request for this information under the FOIA, the DOE shall make a final determination whether the information is exempt from disclosure in accordance with the procedures and criteria provided in the regulations. To assist us in this determination, respondents should demonstrate to the DOE that, for example, their information contains trade secrets or commercial or financial information whose release would be likely to cause substantial harm to their company's competitive position. A letter accompanying the submission that explains (on an element-by-element basis) the reasons why the information would be likely to cause the respondent substantial competitive harm if released to the public would aid in this determination. A new justification does not need to be provided each time information is submitted on the form, if the company has previously submitted a justification for that information and the justification has not changed.

E. Sanctions

The timely submission of Form EIA-28 by those required to report is mandatory under Section 13 (b) of the Federal Energy Administration Act of 1974 (FEAA) (Public Law 93-275), as amended. Failure to respond may result in a civil penalty of not more than \$2,500 for each violation, or a fine of not more than \$5,000 for each willful violation. The government may bring a civil action to prohibit reporting violations which may result in a temporary restraining order or a preliminary or permanent injunction without bond. In such civil action, the court may also issue mandatory injunctions commanding any person to comply with these reporting requirements.

F. Data Entry

Rounding

All dollar amounts must be rounded to the nearest million. All physical amounts (including barrels, cubic feet, tons, acres, pounds, etc.) must be rounded to the nearest thousand and expressed in thousands of units unless otherwise noted on the reporting schedule. The specific requirements are

indicated on each schedule. In rounding, for example, 2,533,500 tons must be reported as 2,534 M tons; similarly, 157,498,680,000 cubic feet must be reported as 157,499 MMCF. Quantities of wells are not rounded, but are expressed to the nearest tenth of a well.

Estimates

Where the reporting company's records cannot produce data in the fashion required by FRS, use of estimates is encouraged if the respondent feels a meaningful estimate can be made without significant distortion of results. Where estimates are used, attach an explanation as part of Exhibit B identifying where estimates are used and indicating how such estimates were made. If there is any doubt, contact the FRS staff.

Sign Conventions (Use of Brackets)

Except for the instances noted below, all amounts entered should be positive (i.e., not bracketed), regardless of whether they are revenues, expenses, assets or liabilities. Brackets should be used to indicate when an item is the **opposite** of what is indicated on the line's title. For example, the line on the income statements entitled "income tax expense" would be bracketed only if the tax were negative (e.g., a credit), such as in the case of a net operating loss in one of the segments.

The exceptions to this rule are as follows:

- o The eliminations columns on the income statements (5110 and 5210) must be bracketed.
- o In the income statements (5110 and 5210) items reported under the caption "other revenue and expense" are bracketed if they are debits, and unbracketed if they are credits. This particular exception is indicated on the face of the schedule.
- o Items in the cash flow statement (5131) are bracketed, if they are decreases in cash flow, and unbracketed, if they are increases.
- o The investment tax credit and foreign tax credits reported on 5112/02, 14, 27 & 28/A will be bracketed, as well as line 29, statutory depletion. Effects of the Alternative Minimum Tax (AMT) on 5112/3, 15, & 30/A will be bracketed if the effect is a reduction in income tax expense.
- o In the statistical schedules, where movements between beginning of year and end of year balances are reported, those items representing reductions in the opening balances should be bracketed. Examples are sales of minerals in place, capacity reductions, and downward revisions of previous estimates.

G. Use of Exhibits

The following information must be attached as exhibits:

Exhibit A. Background information on the company's accounting and financial reporting practices. Provide the following:

If equity income is recognized in accounts other than line 07.00 of Schedule 5110, see the section of the instructions entitled "FRS Overview: One-Line Consolidations," and provide a complete explanation of the amounts and financial statement accounts involved.

Exhibit B. Supplemental analysis of items appearing in the financial schedules where required, if there is insufficient room on the bottom margin of the particular schedule.

Exhibit C. Summaries and explanations of eliminations made in FRS consolidations, not covered on Schedule 5150.

Exhibit D. Explanations of the nature of amounts included in the nontraceable columns.

Exhibit E. The reporting company's SEC Form 10-K and two copies of its audited financial statements are requested.

Exhibit F. Any other information or explanations the reporting company believes are needed to understand its reported FRS data.

Each exhibit must be clearly labeled to indicate the specific item of data (schedule, line, and column) for which a supplementary explanation is provided. Also, mark an "X" in the "footnote" column on each schedule to indicate that a supplementary explanation has been provided for an item of data on that line.

H. Amendments to FRS Reported Data

Circumstances

An amended FRS report must be filed if: (a) there has been a determination that information previously filed is materially inaccurate or misleading (see the section of the instructions entitled "FRS Overview--Significance Standards"), or (b) financial or statistical reporting standards are changed, rendering prior reports non-comparable to current reports.

In the case of changes in statistical reporting standards imposed by the Federal Government, amendments must be filed for the year of the change and one preceding year.

If an amended filing is required, submit only those pages affected. Identify the change(s) on each page by circling the changed or new data elements. In addition, the letter accompanying the amendment should provide the reason(s) for the change(s).

Since an FRS filing covers only 1 year, sufficient reports must be filed to amend all prior years affected. This will be limited to 5 years, unless unusual circumstances exist. If a significant burden is foreseen, consultation with the FRS staff is recommended at the beginning.

When Due

In the case of (a) above, the amendment is due within 90 days of such determination. In the case of (b) above, the amendment is due at the time of filing the first report embodying the new reporting principle(s).

Each exhibit must be clearly labeled to indicate the specific item of data (schedule, line, and column) for which a supplementary explanation is provided. Also, mark an "X" in the "footnote" column on each schedule to indicate that a supplementary explanation has been provided for an item of data on that line.

II. FRS Overview

A. Relation to Reporting Company's Accounting Principles

In completing the FRS schedules, reporting companies should follow the accounting principles they currently use to prepare their annual certified financial statements. However, there are some exceptions covered in the following sections. (See especially section N, if you have acquired a company in a "pooling" transaction or if the FRS reporting company has itself been acquired during the reporting period.)

All of the detailed FRS financial schedules aggregate up into Schedule 5110. Specifically, Schedules 5110 and 5120 contain a "consolidated" column, representing the reporting company's certified consolidated financial statements. However, there may be some differences between the FRS line items in this column and the classifications in the reporting company's published financial statements. Such differences must be explained and reconciled on a separate sheet of paper attached as part of Exhibit B.

B. FRS Segments and FAS 14

The FRS is designed to present a company's operations as separate functional lines of business (referred to as "segments"), as though each were a separate entity, entering into transactions with other segments and third parties. In FRS, the reporting company's consolidated financial statements are disaggregated to separate financial statements for each applicable "functional line of business" (i.e., each applicable FRS segment).

Although similar to FAS 14, the FRS goes beyond FAS 14 in that the FRS segments are often further disaggregations of a line of business defined pursuant to FAS 14. In addition, while the FRS attributes certain items to specific segments (such as income taxes), FAS 14 treats them as corporate items. In all other respects, the principles outlined in FAS 14 should be followed for FRS purposes.

C. Eliminations at More Than One Level

The reporting company may not have a separate entity for consolidation purposes corresponding to each of the FRS segments. Therefore, to complete the FRS schedules, it may be necessary to disaggregate information from specific operations within the reporting company's consolidation into the FRS segments (functional lines of business) and then perform a new consolidation based on the FRS segments, including appropriate eliminations at each level of subconsolidation as required. See Schedule 5150 which summarizes the major intersegment eliminations.

In preparing FRS eliminations, two factors must be kept in mind. First, the FRS segments are not consolidated all at once. For example, the three foreign petroleum segments are first consolidated on Schedule 5210 and then these consolidated foreign petroleum segments are consolidated with the consolidated domestic petroleum segments on the same schedule. Finally, the consolidated petroleum operations are consolidated with the other lines of business of the reporting company on Schedule 5110.

Therefore, there are three levels of consolidation for petroleum financial statements; eliminations must be developed separately for each level of consolidation.

In establishing segments and determining appropriate eliminations, the second factor to keep in mind is that certain FRS rules for defining what business functions are within each of the defined segments must be observed.

Of particular note in this regard are the rules established for the petroleum supply and trading activity, which are explained in the section entitled "Petroleum Supply and Trading."

Some examples of where to report eliminations are as follows:

Eliminations reported on Schedule 5110 in column B are only the eliminations arising from transactions among Petroleum, Coal, Other Energy, and Nonenergy (columns D through G, respectively).

Eliminations arising from transactions **within** these columns must be reported on the appropriate schedule (i.e., 5210).

Eliminations arising from transactions between the Domestic Petroleum Production Segment and the Domestic Refining/ Marketing Segment must be reported on Schedule 5210 in column D.

Eliminations arising from transactions between the Domestic Refining/Marketing Segment and the Foreign Refining/Marketing Segment must be reported on Schedule 5210 in column B.

Eliminations arising from transactions between the Domestic Refining/Marketing Segment and the Domestic Chemical Segment within Nonenergy Operations must be reported on Schedule 5110 in column B.

These intersegment transactions are summarized on Schedule 5150.

D. FRS Segment Allocations and Nontraceable Columns

In disaggregating consolidated financial statements for FRS, most items of revenue and expense can be readily assigned to a particular functional line of business, i.e., FRS segment. However, there will be some items (such as general corporate items) which may be more difficult to assign to a particular FRS segment.

If, on the basis of operating realities, these items cannot be assigned to a segment, they should be reported as nontraceable. It is the function of an item and not its geographic location that determines how it should be reported (i.e., within an FRS segment or as nontraceable). That is, some expenses occurring at the corporate office location may in fact be assignable to a particular FRS segment and therefore should be assigned to the appropriate segment.

E. One-Line Consolidations

In the absence of a specific FRS staff interpretation to the contrary (companies have been individually notified of these exceptions), "one-line" consolidations of equity in affiliate earnings should be reflected in FRS submissions in the same way they are reflected in the reporting company's published financial statements. For example, if such equity in earnings is reflected as a reduction in cost of raw materials acquired, then it should be reflected as such in the FRS income statements and in any supporting schedules.

A detailed description of the method(s) of accounting for such affiliates must be provided as a part of Exhibit A. This description of accounting method(s) must identify the specific account(s) and amounts in both the consolidated and segment financial statements that are reflected by the "one-line" consolidation and the dollar amounts involved.

F. Income Tax Expense

Income tax expense is a very significant item of corporate expense and is determined to a great degree by the operations of particular segments. That is, items such as operating profits and losses, investment tax credits, and foreign tax credits can each be identified with individual segments. It is an objective of FRS to show the tax impacts of such items within each segment.

Therefore, the basic principle underlying the determination of income tax expense for individual FRS segments is that each and every component of consolidated income tax expense must either be identified with and allocated to a particular segment or be classified as nontraceable. The objective is to achieve an income tax expense for each individual segment that reflects the benefits accruing to the consolidated entity in the segment where the benefits are generated.

In general, the following steps will be necessary to determine income tax expense for each segment:

Classify the permanent differences according to the segment in which they originate. For tax calculation purposes, the nontraceable classifications are considered segments and should be assigned amounts that cannot be associated with the segments.

Ascertain taxable income for each segment.

Allocate a pro-rata portion of consolidated U.S. income tax expense before credits to each segment on the basis of the ratio that a particular segment's taxable income bears to the consolidated entity's taxable income. If a segment's taxable income is negative and the consolidated entity has a positive tax expense, the segment must reflect a negative tax expense.

Apply the tax credits that are utilized by the consolidated entity against the tax expense of the segments where they are generated. Tax credits generated which cannot be utilized by the consolidated entity due to limitations are carried forward. If and when recognized by the consolidated entity, they must be reflected as a tax benefit in the segment where they were originally generated.

As part of Exhibit B, provide a reconciliation to the statutory rate for each domestic segment where the effective tax rate is more than 5 percentage points different from the statutory (U.S.) rate.

Below are listed some additional principles which apply to the allocation of tax expense to the segments:

None of the tax expense allocation principles are intended to affect **consolidated** income tax expense. If, however, there appears to be some conflict caused by these principles, include a note explaining the conflict as part of Exhibit F and/or contact the FRS staff to discuss the matter.

Foreign income tax expense will usually be attributable to a subsidiary which is in a single FRS segment. If not, an allocation will have to be made based on the applicable taxable income of the subsidiary split on a segment basis.

If unusual circumstances occur which would generate segment income tax results which are unreasonable, contact the FRS staff to discuss the matter.

The Corporate Alternative Minimum Tax (AMT) amount should not be allocated.

The following example illustrates FRS treatment of segment income tax expense.

Tax Allocation Example

	<u>Consolidated</u>	<u>Non- traceable</u>	<u>Petroleum</u>	<u>Coal</u>
	(a)	(b)	(c)	(d)
Year # 1:				
Pre-tax income (loss).....	80.0	(20.0)	200.0	(100.0)
Income tax expense:				
Before investment tax credit	40.0	(10.0)	100.0	(50.0)
Investment tax credit recognized	<u>20.0</u>	<u>-.</u>	<u>6.6</u>	<u>13.4</u>
Net income tax expense	<u>20.0</u>	<u>(10.0)</u>	<u>93.4</u>	<u>(63.4)</u>
Net income (loss)	<u>60.0</u>	<u>(10.0)</u>	<u>106.6</u>	<u>(36.6)</u>
Investment tax credit:				
Generated	30.0	-.	10.0	20.0
Recognized	<u>20.0</u>	<u>-.</u>	<u>6.6</u>	<u>13.4</u>
Carried forward	<u>10.0</u>	<u>-.</u>	<u>3.4</u>	<u>6.6</u>
Year # 2:				
Pre-tax income (loss)	180.0	(20.0)	250.0	(50.0)
Income tax expense:				
Before investment tax credit	90.0	(10.0)	125.0	(25.0)
Investment tax credit recognized	<u>45.0</u>	<u>2.7</u>	<u>27.4</u>	<u>14.9</u>
Net income tax expense	<u>45.0</u>	<u>(12.7)</u>	<u>97.6</u>	<u>(39.9)</u>
Net income (loss)	<u>135.0</u>	<u>(7.3)</u>	<u>152.4</u>	<u>(10.1)</u>
Investment tax credit:				
Generated	40.0	3.0	27.0	10.0
Used this year	<u>35.0</u>	<u>2.7</u>	<u>24.0</u>	<u>8.3</u>
Carried forward to next year	<u>5.0</u>	<u>0.3</u>	<u>3.0</u>	<u>1.7</u>
Carried forward from previous year	<u>10.0</u>	<u>-.</u>	<u>3.4</u>	<u>6.6</u>
Utilized this year*	<u>10.0</u>	<u>-.</u>	<u>3.4</u>	<u>6.6</u>
Carried forward to next year	<u>-.</u>	<u>-.</u>	<u>-.</u>	<u>-.</u>

*Amounts of investment tax credit recognized this year which are carried forward from a previous year are recognized pro-rata based on amounts originally generated.

G. Petroleum Operations

Segments

To ensure the collection of comparable data for the FRS, standardized petroleum segments are established with rules to govern intersegment transactions. This is necessary because of the diversity in the ways companies organize their raw material and refined product supply and distribution functions.

The segments established in FRS to reflect petroleum operations are:

Domestic:

- o Domestic Production Segment
- o Domestic Refining/Marketing Segment
- o Rate Regulated Pipeline Segment

Foreign:

- o Foreign Production Segment
- o Foreign Refining/Marketing Segment
- o International Marine Segment

The production segments include exploration, development, and production operations up to and including the lease tank and natural gas processing plants. Thereafter begin the refining/ marketing segments, in that transportation operations, except for rate regulated pipelines and international marine, are classified by FRS as refining/marketing.

The refining/marketing segments (foreign and domestic) each contain a supply and distribution function, and handle all the buying, selling, trading and refining done in their respective domestic and foreign areas. Therefore reporting companies having foreign operations in the foreign sector must report an FRS foreign refining/marketing segment--but there is an exception.

The exception to this rule occurs when all of the following three conditions are present:

- o there are no foreign refining operations;
- o all foreign purchases of raw materials and refined products are for domestic import; and
- o all foreign equity production of the company is for domestic import.

In such cases a foreign refining/marketing segment need not be established for FRS. However, Schedule 5245 must be completed in any case.

General Rules

The segments are separate profit centers and buy and sell products and services according to FRS definition.

Raw materials are classified as either crude oil (including NGL's), natural gas, or other petroleum raw materials. See Glossary for detailed definitions.

Refined products are classified as either motor gasoline, distillate fuels, or other refined products. See Glossary for detailed definitions.

Transfers (i.e., sales) of raw materials and refined products between segments are valued at arms-length market prices or, if there are no comparable arms-length transactions, at field posted prices. However, if any third-party sales of particular raw material streams are made at prices below posted prices, then the lower prices should be used.

Supply, trading, and transportation (as noted above) operations are downstream activities, i.e., they are included within the Domestic Refining/Marketing segment and the Foreign Refining/Marketing Segment.

Transportation expenses are incurred by the purchasing segment. For example, the Domestic Refining/Marketing Segment must value the raw material or refined product it acquires from the Foreign Refining/Marketing Segment at its f.o.b. shipping point cost and report this amount as a part of purchases on Schedule 5212.

An export sale from the U.S. is a sale shipped f.o.b. destination to a foreign location, i.e., if a sale is made f.o.b. destination to a domestic location, it is a domestic sale even though the goods may ultimately be shipped overseas by the purchaser.

A domestic purchase is a purchase made from domestic sources, even though the purchased goods may be of foreign origin; the point of purchase and not the source of production is the determining factor.

Crude Oil and Refined Product Rules

All domestic crude oil production (except for own production used for production purposes) must be sold by the Domestic Production Segment to the Domestic Refining/Marketing Segment; the Domestic Production Segment cannot sell crude oil to third parties.

All domestic crude oil and refined product purchases from third parties and unconsolidated affiliates must be made by the Domestic Refining/Marketing Segment.

With the exception (noted above) of companies: (a) having no foreign refining, (b) importing all foreign purchases, and (c) importing domestically all foreign equity production, the following rules must be observed:

All foreign crude oil production (except for own production used for production purposes) must be sold by the Foreign Production Segment to the Foreign Refining/Marketing Segment; and the Foreign Production Segment cannot sell crude oil to third parties.

All foreign crude oil and refined product purchases from third parties and unconsolidated affiliates must be made by the Foreign Refining/Marketing Segment.

All domestic source crude oil and refined products to be sold abroad must first be reported as a sale from the Domestic Refining/Marketing Segment to the Foreign Refining/Marketing Segment, and then as a sale by the Foreign Refining/Marketing Segment to the actual foreign purchaser.

All foreign source crude oil and refined products to be sold in the U.S. must first be reported as a sale from the Foreign Refining/Marketing Segment to the Domestic Refining/Marketing Segment, and then as a sale by the Domestic Refining/Marketing Segment to the actual domestic purchaser.

Natural Gas and Natural Gas Liquids Rules

The following additional FRS reporting conventions have been established for natural gas and natural gas liquids supply and trading:

The Domestic and Foreign Production Segments can sell natural gas and natural gas liquids directly to domestic/foreign third parties, domestic/foreign unconsolidated affiliates, and other domestic/foreign segments of the reporting company, respectively.

The Domestic and Foreign Production Segments can purchase natural gas and natural gas liquids directly from domestic/ foreign third parties, domestic/foreign unconsolidated affiliates, and other domestic/foreign segments of the reporting company, respectively.

Rate Regulated Pipeline Segment Rules

FRS establishes a rate regulated pipeline segment. The pipelines included in this segment are all federally or state rate-regulated pipeline operations, which are included in the reporting company's consolidated financial statements. However, at the reporting company's option, intra-state pipeline operations may be included in the Domestic Refining/Marketing Segment if: they would comprise less than 5 percent of Domestic Refining/Marketing Segment net PP&E, revenues and earnings in the aggregate; *and* if the inclusion of such pipelines in the consolidated financial statements adds less than \$100 million to the net PP&E reported for the Domestic Refining/Marketing Segment.

H. Coal Operations

Report consolidating results of domestic and foreign coal operations as recorded in the company's certified financial statements. Refer to section II. B of the instructions for more detailed explanation of the FRS segments. Refer to the Glossary for definition of activities considered as domestic or foreign.

Some companies have coal mines whose principal activity is the production of coal for commercial sales to unconsolidated affiliates and unaffiliated third parties. Other companies have coal mines that are integrated into their other operations (e.g., electric generation and steel manufacturing); the coal produced is used principally to support and fuel these other operations. For FRS, coal operations are profit centers (one domestic and one foreign) and must be reported in the coal segments. "Sales" of coal to a company's own steel segment, for example, must be priced at an estimated market price.

Operating Revenues

Report all operating revenues of the Coal segment. The amount reported must not be reported net of items such as royalties, Federal levies for reclamation and black lung, and severance taxes. Provide as part of Exhibit F a reconciliation of any differences between the amount reported here and the amount reported in the company's certified financial statements.

Include the value of coal purchased and resold (brokerage sales). Do not include the value of coal production used during the production process. Do include the value of coal sales netted against capitalized development expenditures.

Report as other operating revenues items such as cash royalties, rentals, delay rentals, and fees from contract mining and processing.

General Operating Expenses

Report expenses incurred during the production and processing stage. Include all royalties and other payments out of production.

Do not include the amortization of prior period production and processing costs. The amortization of these items must be reported as DD&A on Schedule 5110, line 03.00.

Production expenses include labor, extensions of mining facilities and equipment, maintenance and repairs, operating supplies, expenditures for tracks, conveyors, electric cables, drainage, ventilation shafts, and access roads, if expensed.

Include the cost of coal produced by others for own account and the expenses incurred to produce and process coal for the account of others.

Include all expenses associated with the preparation and processing of coal. Include costs incurred to crush, sort, clean, or otherwise process coal to the point of shipment.

Report the cost of coal purchased for resale from domestic and foreign sources.

Report all other general operating expenses not included above. Include: selling expense (e.g., the general operating expenses of consolidated sales subsidiaries); long distance transportation expenses incurred for delivering coal f.o.b. destination if such expenses are recognized by the company; carrying costs of undeveloped properties; exploration and development; reclamation expenses; black lung benefits; severance and other taxes.

Refer to the instructions for Schedule 5110 for definitions applicable to the remaining lines.

I. Other Energy Operations

Report income statement information on the company's domestic and foreign operations in the following industries:

Other Energy Operations consists of the synfuels segment, the geothermal and other energy segment, and nuclear fuel operations. Synfuels includes oil shale, tar sands, and coal gasification/ liquefaction. Geothermal and other includes geothermal energy production, solar energy, biomass energy conversion, and other energy sources not elsewhere reported.

The FRS reporting convention for nuclear fuel operations within other energy covers the following nuclear fuel cycle activities:

- Uranium exploration and development
- Uranium mining
- Milling
- Conversion
- Enrichment
- Fabrication
- Reprocessing
- Spent fuel storage

Refer to glossary for specific terms.

Refer to section II. B of the instructions for more detailed explanation of the FRS Segments. Refer to the Glossary for definition of activities considered as domestic or foreign.

Operating Revenues

Report the revenues from oil shale, tar sands, coal liquefaction/ gasification, geothermal, solar, nuclear fuel products and services, and other energy sources not elsewhere reported according to the categories specified below.

Report the revenues of nuclear fuel products sales according to the following categories.

Include sales to domestic and foreign unconsolidated affiliates and unaffiliated third parties.

Nuclear fuel products transferred by the Domestic Nuclear Fuel Segment to other domestic and foreign segments of the reporting company must be valued at market prices.

Report sales of uranium ore, including uranium from solution (in situ) mining.

Report all other nuclear sales. Include sales of all other uranium bearing materials such as mill tailings.

Include the service fees of nuclear fuel services sold. Include nuclear fuel services sold to domestic and foreign unconsolidated affiliates and unaffiliated third parties. Nuclear fuel services provided by the Domestic Nuclear Fuel Segment to other domestic and foreign segments of the reporting company must be valued at market prices.

Include sales of mining services, including solution (in situ) mining; milling services, including conventional milling of ore to produce U_3O_8 concentrate, leaching of mill tailings, and U_3O_8 recovery from other uranium bearing materials; conversion services; enrichment services (e.g., service fees earned operating enrichment facilities for the U.S. Government); fabrication services; reprocessing services; spent fuel storage services; and all other sales of services associated with the nuclear fuel cycle.

General Operating Expense

Report the expenses incurred for exploratory drilling and other costs of exploration.

Include expenses incurred for drilling in search of new mineral deposits or extensions to known ore deposits and for drilling at the location of a discovery up to the time that the company decides that sufficient ore reserves are present to justify commercial exploitation.

Include direct drilling expenses and all expenses incident to exploratory drilling such as drill roads, site preparation, geological and other technical support, and sampling and drill hole logging.

Do not include capitalized exploratory or development drilling expenditures.

Report the expenses incurred to mine uranium ore.

Report the production expenses for open-pit mining, underground mining, and (in-situ) mining.

Include expenses for labor, extensions of mining facilities and equipment, backfilling excavated areas, maintenance and repairs, operating supplies, expenditures for tracks, conveyors, electric cables, drainage, ventilation shafts, and access roads (if expensed), and royalties and other payments out of production.

Include expenses for hauling uranium ore to the mill.

Include the cost of uranium ore mined by others for own account and the expenses incurred to mine uranium ore for the account of others.

Include in production expenses the expenses incurred to process and treat uranium bearing materials to produce U_3O_8 .

Include the expenses associated with the production of U_3O_8 concentrate from conventional milling, leaching of mill tailings, and U_3O_8 recovery from phosphoric acid, copper dumps, and other uranium bearing materials.

Include expenses for labor and materials; weighing, sampling and assaying the uranium-bearing material received; processing of the material for treatment in the plant; treating, extracting, and recovering the uranium; and drying and packaging.

Include the costs of milling done by others for own account and the expenses incurred for toll milling (i.e., milling for the account of others).

Include the costs of nuclear fuel products purchased.

Include the costs of products purchased for resale and products purchased for processing.

Include purchases of uranium ore, U_3O_8 concentrate, uranium hexafluoride, enriched uranium, nuclear fuel assemblies, and other uranium bearing materials.

Report all other general operating expenses not included above. Include selling expenses (e.g., the general operating expenses of consolidated sales subsidiaries). Include: long distance transportation expenses incurred for delivering products f.o.b. destination, if recognized by the company; inventory changes; and taxes other than income taxes.

Refer to the instructions for Schedule 5110 for definitions applicable to the remaining lines.

J. Nonenergy Operations

Report Income Statement information on the company's operations in the following industries: Nonenergy Industries (including chemical, petrochemical, and all industries other than petroleum, coal, and other energy).

Refer to the Glossary for definitions of specific terms.

K. Allocating Amounts to Geographic Areas

Within the industry categories of Petroleum, the FRS requires a breakdown between domestic and foreign. Domestic and foreign data (e.g., expenditures and asset holdings) are sometimes further broken down geographically:

Domestic: onshore and offshore

Foreign: Canada, OECD Europe, Africa, Middle East, Former Soviet Union (FSU) and East Europe, Other Eastern Hemisphere (Asian land mass and other), and Other Western Hemisphere.

Refer to the FRS Glossary for specific definitions of these geographic areas.

L. Significance Standards (Materiality)

Significance standards must be established with the ultimate use of the data in mind, but since it is not possible to describe in advance all the possible uses of each FRS data item or all the possible combinations in which they might be used with other data, only general guidelines can be given.

A definition of "material" is contained in Rule 1-02 of Securities and Exchange Commission Regulation S-X (and in Rule 405 under the Securities Act and Rule 12b-2 under the Exchange Act). However, this definition is based on a "prudent man" principle, which is of limited practical help in deciding many questions of materiality for FRS purposes.

A 5-percent significance standard is established for FRS reporting. This standard should be used to test the materiality of any item within its immediate category. The test should be made on both a vertical (line) and horizontal (row) basis.

For example, Schedule 5211 requires separate disclosure of depreciation in support equipment and facilities. Some companies may not now have such a category stated separately. In accordance with FRS significance standards, such depreciation need not be stated separately if less than a 5-percent overstatement or understatement would be caused in the depreciation accounts where this amount would normally be reported.

The 5-percent threshold may seem to be excessively rigid in some cases. In such a case, please consult the FRS staff informally by phone.

M. Operating Statistics and Financial Data

Operating statistics will be used in conjunction with financial data to compare, among other things, effort with results. For this reason:

Only operating statistics from **consolidated** operations must be reported on Schedules 5241 through 5246, and 5341, so that the statistical data parallel the financial data.

N. Corporate Acquisitions and Dispositions

Where the reporting company buys or sells:

In the context of FRS, generally accepted accounting principles used to account for corporate acquisitions and dispositions do not always yield the desired result. If during the year the reporting company has had major transactions, especially in the case of an acquisition accounted for on a "pooling" basis, please consult the FRS staff before preparing the EIA-28.

In such a "pooling" acquisition, the FRS staff will generally indicate that:

- o no prior year restatements are desired; and
- o the EIA-28 for the year of the pooling acquisition reflect the acquisition on a **modified** purchase basis. That is, the income statement should reflect activities of the acquired company for only the period of time actually owned, e.g., not the entire year; and that the funds statement reflect the cost of the acquisition at the historic book value.

Where the reporting company is the acquired company:

FRS companies were selected for reporting to the EIA on the basis of the interests in domestic energy reserves and production held by all members of a consolidated group. The highest level of the domestic based consolidated group is the company named to file the Form EIA-28.

Therefore, should a controlling interest (50 percent or more) of an FRS reporting company be

acquired by another U.S. based enterprise and consolidated in that enterprise's financial statements, the **acquiring enterprise** will then be named as an FRS reporting company.

In preparing the Form EIA-28 in the year of acquisition, it will actually appear as though the acquiring company (the new FRS reporter) acquired the old FRS reporter parent. This is necessary to show the process of integration (merger) of the two enterprises, one of which is an FRS reporter in prior years.

We suggest an FRS staff consultation in such a case.

O. Discontinued Operations

In order to maintain comparability in income measures, the results of discontinued operations should be separated from the results of continuing operations. A line is provided on Schedules 5110 and 5210 to report the after-tax results of discontinued operations. If the certified financial statement presents the results of discontinued operations on a pre-tax basis, then the amounts reported in the financial statement for gain (loss) on disposals, pre-tax income, and income tax expense (including the amounts reported in Schedule 5112, Analysis of Income Taxes) may need to be adjusted for FRS reporting purposes. Any reconciliations between the amounts reported for FRS and the amounts reported in the certified financial statement should be presented in Exhibit B.

III. Schedule Instructions

Reporting Company Consolidating Statement of Income

Schedule 5110

General

Report consolidated results of operations for the period in column A. Reported amounts must agree with the company's certified consolidated income statement except for reclassifications needed to complete the required line items. Itemize these reclassifications on a separate sheet of paper and attach as part of Exhibit B.

Report amounts directly assignable (See "FRS Overview" section of the instructions) to Petroleum, Coal, Other Energy, and Nonenergy in columns D through G.

Report amounts not directly assignable (see "FRS Overview" section of the instructions) to Petroleum, Coal, Other Energy, and Nonenergy as nontraceable in column C. Provide a detailed explanation of amounts classified as nontraceable on a separate sheet of paper and attach as part of Exhibit D.

Provide a breakdown of column B, reported eliminations, on Schedule 5150.

DO NOT allocate line items 08.00 and 10.00 through 13.00 to the segments. Report these items only in columns A and C.

Line 01.00--Operating Revenues

Report operating revenues as defined in the glossary. Do not include excise taxes collected on behalf of governments.

Line 02.00--General Operating Expenses

Report general operating expenses. Include selling expenses.

General operating expenses include all expenses related to both unaffiliated third-party sales and intersegment sales or transfers.

Line 03.00--Depreciation, Depletion, and Amortization (DD&A)

Report total DD&A, including DD&A of support equipment and facilities.

Line 04.00--General and Administrative

Report general and administrative expenses. DO NOT include selling expenses, which should be reported as a general operating expense on line 02.00 above.

Line 05.00--Total Operating Expenses

Total lines 02.00 through 04.00.

Line 06.00--Operating Income

Line 01.00 less line 05.00.

Line 07.00--Equity in Earnings of Unconsolidated Affiliates

Report equity in earnings of unconsolidated affiliates recorded during the period. Include equity in earnings of joint venture companies in accordance with the company's normal reporting practices. Include the effect, if any, of adjustments due to impairment of value to investments carried at equity.

Equity in earnings of unconsolidated affiliates which operate in more than one FRS segment should be reported in the segment corresponding to the affiliate's primary business activity, unless data from corporate records are available to make an allocation among the applicable FRS segments.

Include in line 07.00 dividend income recognized from unconsolidated affiliates accounted for on the cost basis.

Line 08.00--Other Dividend and Interest Income

Report other dividend income (i.e., portfolio dividends) and interest income for the period. Only include dividends received from marketable securities. DO NOT assign other dividend and interest income to the segments in columns D through G.

Line 09.00--Gain(Loss) on Disposition of Property, Plant, and Equipment

Report the net gain or loss recognized for the period on disposition of property, plant, and equipment (PP&E). If such gains or losses are not significant (see FRS 5-percent significance standard, II.L. of FRS Overview) and are classified otherwise, no reclassification need be made. Miscellaneous charges or credits to DD&A reserve accounts for normal asset retirements need not be adjusted. The gain (loss) on disposal of discontinued operations should be included on line 18.00, but not on line 9.00.

Line 10.00--Interest Expense and Financial Charges

Report all interest expense and financial charges, including interest expense for capitalized leases. DO NOT assign interest expenses and financial charges to Petroleum, Coal, Other Energy, or Nonenergy in columns D through G.

Line 11.00--Minority Interest in Income

Report minority interest in income of consolidated affiliates in accordance with the company's normal reporting practice. Amounts should be reported net of income taxes. DO NOT assign this item to the segments in columns D through G.

Line 12.00--Foreign Currency Transaction Gains (Losses)

Report the gain(loss) from currency trading and from transactions with foreign entities as disclosed in certified financial statements. DO NOT assign this item to the segments in columns D through G.

Line 13.00--Other Revenue and (Expense)

Report all other non-operating income and expenses recognized during the period for certified financial statement reporting purposes and not reflected elsewhere on this schedule. DO NOT assign these incomes and expenses to the segments in columns D through G. Amount reported in column C must not include inter-segment transactions.

If the amount reported on this line exceeds 5 percent of the amount on line 15.00, provide a detailed breakdown of line 13.00. The unexplained amount should be less than 5 percent of line 15.00. Include the detailed breakdown as part of Exhibit B.

Line 14.00--Total (Lines 7.00-13.00)

Line 15.00--Pre-Tax Income

Total lines 06.00 and 14.00.

Line 16.00--Income Tax Expense

Report total income expense in column A as reported in or reconciled to the company's certified financial statements. With respect to columns B through G, allocate tax expenses as described in the "FRS Overview" section of the instructions under "Income Tax Expense." Also, see Schedule 5112, which gathers details about taxes.

Please note that income tax expense is not bracketed, but a negative expense (i.e., credit) is bracketed.

Line 17.00--Income Before Lines 18.00 and 19.00

Line 15.00 minus 16.00.

Line 18.00--Discontinued Operations

Report the sum of income (loss) from discontinued operations, less applicable income taxes, and the gain (loss) on disposal of discontinued operations, less applicable income taxes.

Line 19.00--Extraordinary Items and Cumulative Effects of Accounting Changes

Report the sum of extraordinary items and cumulative effects of accounting changes if applicable.

Line 20.00--Net Income

Total lines 17.00, 18.00, and 19.00.

Reporting Company Research and Development Funding and Expenditures

Schedule 5111

General

Report research and development (R&D) funds and expenditures for the period. See Glossary for definitions. Lines 04.00 and 17.00 are equal.

Source of R&D Funds

Line 01.00--Federal Government

Report receipts from the U.S. Federal Government for work done by the company on R&D contracts or subcontracts and R&D portions of procurement contracts and subcontracts.

Line 02.00--Internal Company

Report funds provided by the company for research and development performed by deducting non-company sources of R&D funds from total R&D expenditures.

Line 03.00--Other Sources

Report receipts of funds from all other sources for R&D work done by the company. Include grants from nonprofit organizations and any other third parties.

Line 04.00--Total Sources

Total lines 01.00 through 03.00.

Breakdown of R&D Expenditures

Classify total R&D expenditures by type of expenditure on lines 05.00-11.00. Line 12.00 must equal line 04.00.

Reporting Company Analysis of Income Taxes

Schedule 5112

General

This schedule is designed principally to provide a disaggregation of consolidated income tax information into the FRS geographic segments. The purpose of this disaggregation and the principles to be used in performing the disaggregation are described in the "FRS Overview" section of the instructions under "Income Tax Expense."

Income Taxes (as per Financial Statements)

Lines 01.00 through 19.00

These lines provide details of consolidated income tax expense per the reporting company's financial statements. Line 19.00 corresponds to Schedule 5110, column A, line 16.00.

Reconciliation of Accrued U.S. Federal Income Tax Expense to Statutory Rate

Line 20.00--Consolidated Pre-Tax Income (Loss)

Enter consolidated pre-tax income or (loss) per Schedule 5110/15/A.

Line 21.00--Foreign Source Income not Subject to U.S. Tax

Enter the portion of foreign source income not subject to U.S. Federal income tax. Foreign source income is earned by both U.S. corporations (those incorporated in the U.S.) and by foreign corporations (those incorporated in a foreign country). The earnings of the latter are not subject to U.S. income tax until remitted to the U.S. Therefore, enter on this line income earned by foreign corporations, reduced by earnings remitted to the U.S., and Sub-part F income of foreign corporations included in the consolidation.

Line 22.00--Income Subject to U.S. Tax

Line 20.00 less line 21.00.

Line 23.00--U.S. State and Local Income Taxes

Enter U.S. State and local income taxes included in consolidated income tax expense.

Line 24.00--Applicable Foreign Income Taxes Deducted

Enter on this line the amount of foreign income taxes deducted as an expense in arriving at taxable income for the U.S. Federal tax accrual.

Income subject to U.S. tax may also be subject to foreign tax (see line 21.00 above). In computing the amount of U.S. Federal tax due, the taxpayer elected to classify the foreign taxes either as a deduction or a credit. Therefore, the amount reported on this line is the deduction elected to be taken.

Line 25.00--Pre-Tax Income Subject to U.S. Tax

Enter the net of line 22.00 minus the sum of lines 23.00 and 24.00.

Line 26.00--"Expected" Tax Provision

Enter the amount arrived at by multiplying the amount on line 25.00 by the statutory U.S. Federal income tax rate.

Line 27.00--Foreign Tax Credits Recognized

Enter the amount of foreign tax credit recognized in arriving at the current year's income tax expense.

Line 28.00--U.S. Federal Investment Tax Credit Recognized

Enter the amount of U.S. Federal investment tax credits which were recognized in arriving at the current year's Federal income tax expense.

Line 29.00--Statutory Depletion

Enter the amount of tax savings recognized due to statutory depletion.

Line 30.00--Effect of Alternative Minimum Tax

Enter the increase (decrease) in income tax expense due to the corporate alternative minimum tax.

Line 31.00--Other

Enter any other items needed to complete this reconciliation. If the amount on this line exceeds 5 percent of the amount of line 32.00, provide a detailed breakdown of line 31.00 so that the unexplained amount is less than 5 percent of line 32.00. Attach the detailed breakdown on a separate sheet of paper as part of Exhibit B.

Line 32.00--Actual U.S. Federal Tax Provision

Enter the amount of the U.S. Federal tax provision which will equal the net of lines 01.00, 02.00, and 03.00, plus the net of lines 13.00, 14.00, and 15.00 above.

Lines 33.00 through 44.00--Domestic Taxes other than Income Taxes

These lines are intended to gather the broad spectrum of taxes imposed on reporting companies, classified by line of business. Reasonable estimates are encouraged where company records do not readily produce the required data at the consolidated domestic level. Report only domestic total amounts for lines 38.00 through 44.00.

Reconciliation to Statutory Rate

For **domestic** segments where the effective tax rate (e.g., tax expense divided by pre-tax income) is more than 5 percentage points different from the statutory rate, a reconciliation from the statutory rate to the actual rate is required as a part of exhibit B.

Reporting Company Consolidating Balance Sheet

Schedule 5120

General

On page 1 of this schedule, report the consolidated balance sheet as of the end of the period. Reported amounts must agree with the company's certified consolidated balance sheet, except for reclassifications needed to complete the required line items. Itemize these reclassifications on a separate sheet of paper and attach as part of Exhibit B.

On pages 2 and 3, report amounts directly assignable to the Petroleum, Coal, Other Energy, and Nonenergy segments.

Report amounts not directly assignable (see "FRS Overview" section of the instructions) to particular segments as nontraceable on line 56.00. Do not allocate costs of assets maintained for general corporate purposes to particular segments. Provide a detailed explanation of amounts classified as nontraceable on a separate sheet of paper and attach as a part of Exhibit D.

If the amounts on line 18.00 and 19.00 exceed 5 percent of the amount on line 21.00, provide a detailed breakdown of lines 18.00 and 19.00. The unexplained amounts should be less than 5 percent of line 21.00. Include the detailed breakdown as part of Exhibit B.

Memo-Line 26.00

Report on this line the amount of the cumulative foreign currency translation adjustment at year end. This amount should be equal to the amount reported for foreign currency translation adjustment in the stockholder's equity section of the balance sheet.

Memo-Line 27.00

Report on this line the foreign currency translation adjustment for the current year. This amount should be equal to the difference between this year's cumulative foreign currency translation adjustment and the prior year's cumulative foreign currency translation adjustment.

Pages 2 and 3:

Columns A-F

Report year-end balances and activity during the reporting period as indicated by the column headings. All amounts are based on historical cost. Additions to property, plant and equipment must include all drilling and equipping costs for wells, **except for exploratory dry holes** (in the case of "successful efforts" companies).

Since there is no "other" column for reclassifications and adjustments, the year-end net amount, column C, will not cross foot precisely with the prior year balance. Major adjustments and reclassifications should be explained in a note. For "successful efforts" companies, the write off of dry holes from PP&E will be one

major item not appearing in any of the columns. This item, however, need not be explained, since the amount is provided elsewhere in the form.

Columns G & H--Investments and Advances to Unconsolidated Affiliates

Report investments and advances to unconsolidated affiliates and additions thereto during the period as recorded on the company's financial records.

Investments and advances to unconsolidated affiliates which operate in more than one FRS segment should be reported in the segment corresponding to the affiliate's primary business activity, unless data from corporate records are available to make an allocation among the applicable FRS segments.

If the current year end balance does not equal the prior year ending balance plus this year's additions, include a detailed breakdown of the difference as part of Exhibit B.

Reporting Company

Consolidated Statement of Cash Flows

Schedule 5131

General

Report consolidated statement of cash flows (line 01.00 through 27.00) for the reporting company. Amounts must agree with certified financial statement reporting, except for reclassifications needed to complete the required line items. Itemize these reclassifications on a separate sheet of paper attached as part of Exhibit B. For example, cash flows from operations in FRS entails adding dry hole expense back to net income, which may be at variance with a reporting company's public reporting practice. In such a case a reconciling item will be necessary in comparing the FRS to the published financial statement in Exhibit B.

Note that certain line items are cross referenced to Schedules 5110, 5112, and 5120 and that **additions to PP&E on Schedules 5120 and 5131 exclude exploratory dry hole expense** (for "successful efforts" companies).

Schedule 5131 has been designed to conform generally to Financial Accounting Standard (FAS) 95 utilizing the indirect method to report cash flows from operations. However, Schedule 5131 differs from FAS 95 in reporting mergers and acquisitions. Also described below is the reporting of dry hole expense.

Line 10.00-Other Cash Items, Net

Report all other cash items recognized during this period for certified financial statement reporting purposes and not reflected elsewhere on this schedule. If the amount on this line exceeds 5 percent of the amount on line 11.00, provide a detailed breakdown of line 10.00. The unexplained amount should be less than 5 percent of line 11.00. Include the detailed breakdown as part of Exhibit B.

Line 17.00-Other Investment Activities, Net

Report the cash effect of all other investment activities recognized during the period for certified financial statement reporting purposes and not reflected elsewhere on this schedule. If the amount on this line exceeds 5 percent of the amount on line 18.00, provide a detailed breakdown of line 17.00. The unexplained amount should be less than 5 percent of line 18.00. Include the detailed breakdown as part of Exhibit B.

Line 24.00-Other Financing Activities, Net

Report the cash effect of all other financing activities recognized during the period for certified financial statement reporting purposes and not reflected elsewhere on this schedule. If the amount on this line exceeds 5 percent of the amount on line 25.00, provide a detailed breakdown of line 24.00. The unexplained amount should be less than 5 percent of line 25.00. Include the detailed breakdown as part of Exhibit B.

Mergers and Acquisitions

Within the framework of FAS 95, only the cash effects of an acquisition on cash flows from investing activities need to be recognized. However, statistical considerations and the mandated objectives of the FRS require that all components of an acquisition be included in Schedule 5131. Consequently, the additions to property, plant, and equipment (consistent with Schedule V of SEC Form 10K and Schedule 5120 of Form EIA-28), incurrence of debt and/or assumption of debt, working capital affects, equity security issues, and any other effects associated with an acquisition or merger should be included on the appropriate lines of Schedule 5131. The inclusion of these data should not affect the net change in cash and cash equivalents reported on line 27.00 which should be equal to the value to this item reported in the certified financial statement.

In order to accurately report the effect of mergers and acquisitions on investment patterns, the allocation of the amount reported on line 12.00 of Schedule 5131 (Additions to PP&E due to Mergers and Acquisitions) to the segments of Schedule 5120, column D, should be disclosed in Exhibit B.

Dry Hole Expense

For "successful efforts" companies, the expense of exploratory dry holes (worldwide) completed in the reporting year, consistent with drilling and equipping expenditures reported in Schedule 5211, should be reported on line 04.00 of Schedule 5131. The difference between dry hole expense recognized in the certified financial statement and the amount reported on line 04.00 should be included in the amount reported on line 09.00.

Memo-Line 28.00

Report on this line the amount of funds (cash or other) generated from the disposal of properties or subsidiaries in transactions/valued in excess of \$50 million.

In Exhibit B, provide the following details separately for each transaction:

1. Name of the entity sold.
2. Date of the transaction.
3. Value of the transaction (cash and other consideration received).
4. The effect of the transaction on the book value of disposals reported in column F of Schedule 5120.

Memo-Line 29.00

Report on this line the amount of funds (cash and other) utilized in purchases of existing assets (e.g., plant and equipment, proved reserves) in transactions valued in excess of \$50 million. This line should include acquisitions accounted on a "pooling basis" as well as a "purchase basis".

In Exhibit B, provide the following details separately for each transaction:

1. Name of asset acquired.
2. Date of transaction.
3. Value of the transaction (cash and other consideration paid).
4. The effect of the transaction on PP&E and/or investment and advances by the segments of Schedule 5120.

Note for Lines 28.00 and 29.00:

For the purposes of Exhibit B, value of transaction includes cash received or utilized as well as other consideration, such as debt assumed by purchaser or equity securities transferred by seller. Transactions in which cash received or utilized is less than \$50 million should be reported in Exhibit B if the value of the transaction, cash and other consideration, is in excess of \$50 million.

Reporting Company Eliminations in Consolidation

Schedule 5150

General

This schedule summarizes the eliminations required for the 5110 and 5210 income statements, which are the schedules most likely to contain numerous intersegment eliminations.

Compiling the correct eliminations required to consolidate the FRS segments requires an understanding of the FRS segment definitions and the rules governing intersegment transactions. For background on this see the "FRS Overview" section of the instructions, sections B and C.

The hatched out areas are provided to indicate intersegment transactions which are not permitted under the FRS rules or which would not conceptually be possible in any case. For example, the intersections of Foreign Production and Domestic Production (07/F & 11/B) are hatched because no transactions are permitted between these segments, since the trading functions are by definition in the Refining/Marketing segments. The intersections of Foreign Production and Domestic Refining/Marketing (11/C & 08/F) are not hatched, although they will rarely be used, because only a company with a foreign production segment and no foreign refining under special conditions (see section on Petroleum Operations) is permitted to use them.

Lines 01.00-06.00--Schedule 5110

The total of these transactions (line 06.00, column A) will be the elimination required on Schedule 5110.

Lines 07.00-14.00--Schedule 5210

This section provides detail on the eliminations required to consolidate domestic petroleum operations and the foreign petroleum operations--both within themselves and together. 10/A provides the elimination for consolidating the domestic petroleum operations, and 14.00/E does likewise for foreign petroleum operations. The eliminations for consolidating domestic and foreign petroleum operations together must be obtained by adding together 10/E and 14/A.

Lines 15.00-18.00--Memo

This section provides details of transactions between chemical and petroleum operations, and is actually a further breakdown of 02/F and 05/C above.

Domestic and Foreign Petroleum Segments Consolidating Statement of Income

Schedule 5210

General

Report consolidating results of operations assignable to domestic and foreign petroleum operations.

Refer to the Glossary for definitions of activities considered as domestic or foreign.

Refer to the Glossary for definitions of raw materials (i.e., crude oil, natural gas, natural gas liquids, and other petroleum raw materials) and refined products (i.e., motor gasoline, distillate fuels, residual fuels, and other refined products).

In general, revenues and expenses should be associated with costs incurred within a segment, but refer to the "FRS Overview" section of the instructions for more detailed explanations of the FRS segments and the petroleum supply and trading function.

Columns E and J--Production

Report as raw materials revenues (1) the value of production transferred to the Refining/Marketing Segment and (2) the sales of natural gas and plant products to third parties of unconsolidated affiliates. Do not include the value of production used for production purposes, e.g., reinjected gas and crude burned on the lease.

Column G--Rate Regulated Pipelines

Classify operations in this segment only if they are associated with rate regulated pipeline operations governed by the Federal Energy Regulatory Commission or agencies of a state government.

Column L--International Marine

Classify operations in this segment which are associated with high seas transportation activities serving a foreign port (i.e., exclude Jones Act shipping).

Include revenues and expenses for voyages by company-owned, leased, or chartered vessels carrying cargo for others as well as for the company's own use.

Do not include foreign transportation charges paid to third parties for shipments or deliveries of the reporting company's own goods. These costs should be reported in the Refining/Marketing Segment (column K).

Operating Revenues

Report all operating revenues included on Schedule 5110 (line 01.00, column D) in the categories indicated on lines 01.00 through 06.00 (domestic and foreign) as follows:

Lines 01.00 & 02.00--Raw Materials & Refined Products

Report the value of the sale or intersegment transfer of raw materials and refined products by the domestic and foreign segments. Include the company's royalty interest in other's production. Domestic Production and

Refining/Marketing Segment sales of raw materials and refined products must agree with Schedule 5212/D, lines 04, 08, and 11.

Line 03.00--Transportation

Report all revenues derived from Rate Regulated Pipeline Segment operations in column G.

Report all revenues derived from International Marine Segment operations in column L.

Report all other transportation revenues under the appropriate column heading.

Line 04.00--Management and Processing Fees

Report all management and processing fee revenues, domestic and foreign. Include amounts paid to the consolidated reporting company for processing crude oil or other raw materials for the accounts of third parties. Management fees include only those fees for operating oil and gas facilities for host country governments or their agencies. These fees need not be reported here, if it is the company's practice in their public financial statements to net such fees against costs of operations.

Line 05.00--Other

Report all other domestic and foreign operating revenues not included on lines 01.00 through 04.00. Include all revenues derived from tire, battery, and accessory (TBA), anti-freeze, undercoating groceries, beverages, and other sales.

Line 06.00--Total Operating Revenues

Total lines 01.00 through 05.00.

Line 07.00 through 20.00

Refer to the instructions for Schedule 5110 for definitions applicable to these lines on Schedule 5210. Amounts reported in column A must agree with amounts reported in column D on Schedule 5110.

**Domestic and Foreign Petroleum
Production Segments
Refining Operations
Exploration and Production Operations**

Schedule 5211

General

This schedule contains general operating expense details for domestic refining operations (lines 01.00-18.00) and expenditure details as well as general operating expense totals for foreign and domestic exploration and production operations (lines 19.00-45.00).

Domestic Refining/Marketing Segment

This schedule breaks total Domestic Refining/Marketing Segment expenses into three parts--one for refining operations, one for net raw material supply (meaning the cost of raw materials sold, e.g., not refined), and marketing operations.

The marketing functions includes the operation of terminals, bulk plants, retail outlets, and transportation facilities used for delivering refined products. Canning plant operations (e.g., blending, compounding, and canning lube oil products) should be included in refinery operating expenses or, as appropriate, in other marketing expenses.

Do not include the expense of petrochemical operations since such operations must be included in the Chemical Segment reported in Nonenergy Operations.

Line 01.00--Raw Material Purchases

Report purchases by the Domestic Refining/Marketing Segment of crude oil, natural gas, natural gas liquids, and other petroleum raw materials as reported on Schedule 5212/04/B.

Line 02.00--Other Raw Material Supply Expense

Report all other domestic raw material supply expenses not included in line 01.00. Include: raw material transportation, raw material exchange differentials, and inventory change.

Line 03.00--Total Raw Material Supply Expense

Total lines 01.00 and 02.00.

Line 04.00--Less: Raw Material Input to Refining

Report the value of total raw materials input to domestic refining. This related volume is reported on 5245/11/B.

Line 05.00--Net Raw Material Supply

Line 03.00 minus line 04.00.

Line 06.00--Raw Materials Input to Refining

Report the value of total raw materials input to domestic refining. This amount must agree with the amount reported on line 04.00 above.

Line 07.00--Less: Raw Material Used As Refinery Fuel

Report as reduction (credit) the value of raw material input to domestic refining (line 04.00) that was subsequently used as refinery fuel.

Line 08.00--Refinery Process Energy Expense

Report all domestic refinery process energy expenses, including cost of own fuel, purchased fuel, electricity, and steam used in the process of refining. Include amounts reported on line 07.00.

Line 09.00--Other Refining Operating Expenses

Report all other domestic refining operating expenses. Include purchases of non-petroleum blending stocks such as lead additives. Also include any canning and blending operation expenses not assigned to other marketing expenses (line 14.00).

Line 10.00--Refined Product Purchases

Report domestic refined product purchases as reported on Schedule 5212/08/B.

Line 11.00--Other Refined Product Supply Expenses

Report all other domestic refined product supply general operating expenses not included on lines 06.00 through 10.00. Include all taxes applicable to refined product supply (other than income taxes and consumer excise taxes). Include refined product exchange differentials, inventory changes, and transportation. DO NOT include any amounts incurred in rate regulated pipeline operations.

Line 12.00--Total

Total lines 06.00 through 11.00.

Line 13.00--Cost of Other Products Sold (including TBA)

Report domestic purchases of other products held for resale, including tires, batteries, and accessories (TBA) and other merchandise. Include inventory change.

Line 14.00--Other Marketing Expenses

Report all other domestic marketing operation expenses not included on line 13.00. Include expenses of any canning and blending operations that might be assigned to the marketing function. Include advertising and credit card operating expenses.

Line 15.00--Total Marketing Expenses

Total lines 13.00 and 14.00.

Lines 16.00--Expenses of Transportation Services for Others

Report all domestic transportation expenses applicable to the transportation revenues reported on Schedule 5210, line 03.00, column F. This expense represents the cost of transporting goods for third parties and unconsolidated affiliates.

Line 18.00--Total Domestic Refining/Marketing Segment General Operating Expenses

Total lines 05.00, 12.00, and 17.00. This amount must agree with the amount reported on Schedule 5210/07/F.

Exploration and Production Operations

Cost of property acquisition, exploration, development and production (lifting), reported on lines 21, 29, 37 and 42 respectively, should agree with amounts reported in your company annual report pursuant to FAS Number 19, except for royalty expense reported on line 39.00.

Segregate reported amounts by the indicated domestic geographic areas based on operating location. Refer to the Glossary for detailed definitions of these areas.

Include only costs and expenses assignable to the Production Segment. Allocations performed at the district or field level as part of the company's normal reporting system are acceptable and need not be adjusted for this schedule.

Lines 19.00-21.00--Acquisition of Unproved and Proved Acreage

Report the net company interest in direct domestic expenditures incurred for acquiring unproved acreage. Include lease bonuses; options to purchase or lease properties; title costs; recording; broker, and legal fees; advance initial royalties; and any other direct outlays necessary to acquire leases, mineral rights, and fee lands incident to oil and gas exploration.

Include the purchase value of proved properties acquired in mergers and acquisitions as an acquisition of proved acreage.

Lines 22.00-26.00--Drilling and Equipping of Wells

Report cumulative domestic expenditures for drilling and equipping exploratory wells completed (i.e., finished) during the period, reduced by the amount of outside cash contributions such as bottom hole or dry hole contributions. This same breakdown was used on the Bureau of the Census Form MA13K before the form was discontinued in 1983.

Include all expenditures for the drilling and equipping of wells incurred since the inception of drilling. Include expenditures for casing, tubing, and other equipment, including equipment installed for development of successful exploratory wells, such as downhole pumping equipment, platforms, and the wellhead assembly, as well as the costs of roads, grading, etc.

Do not include costs related to equipment beyond the christmas tree, as these should be reported as lease equipment on line 35.00 below.

Reduce costs of exploratory dry holes by salvage of equipment capable of re-use.

On line 25.00, report the increase (or decrease) in expenditures capitalized for drilling and equipping domestic exploratory wells-in-progress between the beginning and end of the reporting period.

On line 26.00, report the total of lines 22.00 through 25.00. This amount must equal the expenditures during the period.

Line 27.00--Geological and Geophysical

Report all geological and geophysical expenditures including, but not limited to, costs incurred for salaries, equipment and supplies for scouts, and geological and geophysical crews. Include costs of surface and subsurface studies and geochemical analyses.

Line 28.00--Other Exploration Expenses

Report all other expenses, including direct overhead costs assigned at the field or district level, directly

associated with exploration activities. Include carrying costs of undeveloped properties (lease rents); test hole contributions; and land development, leasing, and scouting.

Line 29.00--Total Exploration

Total lines 26.00, 27.00, and 28.00.

Domestic Development

Lines 30.00-32.00--Drilling and Equipping of Wells

For lines 30.00-32.00 report cumulative domestic expenditures for drilling and equipping development wells (reduced by the amount of outside cash contributions such as bottom hole of dry hole) completed (i.e., finished) during the period. This same breakdown was used on the Bureau of the Census Form MA13K until it was discontinued in 1983. Include all expenditures since the inception of these completed wells.

Include casing, tubing, and wellhead fittings associated with development wells, costs of roads and grading, costs of drilling platforms, and all cost incident to development drilling.

Include cost of old wells drilled deeper, redrilled wells, and recompletions.

Exclude costs of service wells, which should be reported on line 35.00, and exclude costs of well workovers.

Reduce cost by salvage value of equipment capable of re-use.

Line 33.00--Work-in-Progress Adjustment

Report the increase or (decrease) in expenditures capitalized for drilling and equipping domestic development wells-in-progress between the beginning and end of the reporting period.

Line 34.00--This Year's Expenditures Capitalized

Total lines 30.00 through 33.00. This must equal the expenditures incurred during the period.

Line 35.00--Lease Equipment

Report the net company interest in capitalized domestic expenditures for primary recovery programs.

Line 36.00--Other Development Costs

Include all other domestic development costs, including: gas processing facilities, access facilities to district installation (as opposed to individual wells) such as roads, bridges, canals, and other improvements; camp and district facilities; fuel gas systems; observation wells, salt water disposal wells, and water supply wells, directly assignable and other overhead costs; and expenditures for capital equipment used for development not otherwise accounted for. Exclude costs of equipment and buildings used by personnel engaged in general producing activities as distinguished from development operations.

Line 37.00--Total Development Costs

Total lines 34.00, 35.00, and 36.00.

Line 38.00--Subtotal Total lines 21.00, 29.00, and 37.00.

Lines 39.00-42.00--Production (Lifting) Costs

Refer to the Glossary for definitions of production costs. Report lifting and other expenses that can be assigned to the production of oil and gas. Exclude costs of exploratory and development activities. Production costs include labor, supervision in the field, repair and maintenance (see below for workovers), fuel, power, and water, small tools and supplies, cost of treating oil, teaming and trucking, insurance, taxes

other than income taxes, buildings, lease or field facilities, and other property used in production operations, bailing, shooting, fracturing, and acidizing (when not part of original completion work), abandonments, and expenditures for maintaining field offices.

Include all expenses of cleaning out and working over wells for the purpose of restoring or increasing the production from the same producing horizon.

Report all expenses for operations and maintenance of fluid injection and other improved recovery programs, including well operations and maintenance for improved recovery wells. Include workovers of improved recovery wells.

Include the value of all materials used, except the reporting company's own raw material production used on the lease.

Line 39.00--Royalty Expense

Report royalty expense classified as an expense in the company's financial statements.

Line 40.00--Taxes Other Than Income Taxes

Include all expenses for ad valorem taxes on producing properties, equipment, buildings, lease or field facilities, and other property used in production operations. Exclude ad valorem taxes on undeveloped properties and on buildings and equipment used for exploratory purposes. (Include these items in other exploration costs on line 28.00 above.)

Include payments of production or severance taxes to State and local governments. Do not reduce the revenues from crude oil or natural gas produced at the wellhead by such amounts.

Include tax expense attributable to the **Crude Oil Windfall Profits Tax Act of 1980**.

Line 41.00--Other Production Expenses

Report overhead expense, especially at the district and field levels, and other expenses not included elsewhere, which are assigned to the production function. Include domestic royalty expenses and costs of operation and maintenance of gas processing facilities classified as costs of oil and gas producing activities in the company's financial statements.

Line 42.00--Total Production (Lifting)

Total lines 39.00 through 41.00.

Line 43.00--Total Costs Incurred

Total lines 38.00 and 42.00.

Lines 44.00 and 45.00--Support Equipment and Facilities (Memo)

On line 44.00, report the amount of depreciation of support equipment and facilities. Such amount would already be included as a part of exploration, development, and production costs reported above.

On line 45.00, report the amount of new investment in support equipment and facilities for the year. Such amounts are not included as a component of exploration, development, or production costs reported above, since the depreciation is allocated to these functions pursuant to SFAS Number 19.

Petroleum Segments Purchases and Sales

Schedule 5212

General

This schedule gathers volume and value data for purchases and sales of raw materials and refined products. The "FRS Overview" section of the instructions concerning petroleum supply and trading should be consulted before completing this schedule.

Classify aviation gasoline and jet fuel with gasoline and distillate fuels, respectively. Exclude consumer excise taxes. Report petroleum volumes in thousands of barrels and natural gas volumes in millions of cubic feet.

Lines 01.00-04.00--Domestic Refining/Marketing Purchases and Sales of Raw Materials

Report for the Domestic Refining/Marketing Segment the volumes and values of raw materials purchased and sold. 5212/01.00/A, which is the total barrels of crude and NGL's purchased by the Domestic Refining/Marketing Segments should agree with 5245/09/B, and likewise 5212/01/C should agree with 5245/14/B. Also, 5212/04/D, total raw material sales, should agree with 5210/01/F.

Lines 05.00-08.00--Domestic Refining/Marketing Segment Purchases and Sales of Refined Products

Report for the Domestic Refining/Marketing Segment the volumes and values of refined products purchased and sold. 5212/08/D, total refined product sales, should agree with 5210/02/F. Also, a rough relationship should exist between total refined product volumes sold, 5212/08/C, and the sum of refinery runs, 5242/05/B, and refined product purchases, 5212/08/A. Such comparisons would be expected to hold true on a product level comparison also.

Lines 09.00-11.00--Domestic Production Segment Purchase and Sales of Raw Materials

Report for the Domestic Production Segment the volumes and values of raw materials purchased and sold. Note that pursuant to the FRS trading rules, the Domestic Production Segment is not permitted to purchase crude oil, so only NGL's should be reported on 5212/09/A & B (see the FRS Overview section of the instructions).

Lines 12.00-21.00--Domestic Dispositions of Refined Products

This section is a further breakdown of the totals appearing above in 5212/08/C & D, and therefore line 18.00, columns B through G, should agree with lines 05.00 through 08.00, columns C & D, above.

Report in column H, lines 19.00, 20.00, and 21.00, the number of active automotive outlets at period end classified as "company operated," "lessee dealers," or "open dealers." See the Glossary entry, "Company Automotive (Retail) Outlet" for definitions.

Please note that the volumes and values reported on lines 14.00 and 15.00, columns B and C, should be for the outlets reported in column H, except that there will be some volumes and values associated with outlets closed during the year. In other words, except for the outlets closed during the year, only report outlets in column H for which volumes and values are reported in columns B and C.

Report on line 13.00 sales to parties known to be wholesaler-resellers, including other petroleum companies. Report on lines 14.00 & 15.00 sales to consumers through company automotive (retail) outlets (see Glossary). Report on line 16.00 sales not classified elsewhere, including primarily industrial and commercial sales, and other sales at retail (marinas, airports, etc.).

Domestic and Foreign Petroleum Segments Exploration, Development, and Production Statistics

Schedule 5241

General

Report exploration, development, and production statistics for domestic and foreign petroleum operations as indicated.

Reported amounts must relate only to the reporting company and its consolidated affiliates.

Acreage, Wells, and Drilling (lines 01.00-26.00)

Report information pertaining to acreage, wells, and drilling as indicated. Refer to the Glossary for definitions of all line items and for definitions of the geographic areas listed in the column headings. Acreage is considered developed when development has been completed.

Note that information on the number of wells completed should not reflect an end-of-period well count, but instead should reflect the wells completed (i.e., finished) at any time during the period, regardless of when drilling was initiated. The number of wells refers to the number of holes drilled. (Round to the nearest tenth of a well.)

Note that information on drilling footage (reported on lines 19.00-26.00) should reflect cumulative footage drilled for wells completed at any time during the reporting period.

"Gross" acreage refers to the total number of acres for all properties in which the company has a working interest.

"Net" acreage, wells, and drilling footage refer to the company's share of the total working interest.

Domestic and Foreign Petroleum Segments

Petroleum Refining Statistics

Schedule 5242

General

Report refining statistics for domestic and foreign petroleum operations as indicated.

Reported amounts must relate only to the reporting company and its consolidated affiliates.

Report the company's share of runs to stills on a calendar day basis for the period. Condensate may be included in volumes reported. Include runs to fractionators.

Refer to the Glossary for definitions of geographic areas listed in column headings.

Lines 01.00-02.00--Number of Refineries

Report the number of operable petroleum refineries 100% owned by the company and by its consolidated affiliates (line 01.00), the number of consolidated refineries less than 100% owned (line 02.00) by geographic area at the end of the period. DO NOT include natural gas processing or petrochemical plants.

Line 03.00--Runs to Stills at Own Refineries

Report volumes run for the company at the refineries included in line 01.00 and 02.00. Include volumes processed for company use or sale and volumes processed for others.

Line 04.00--Runs to Stills at Refineries of Others

Report volumes processed for the company's account by refineries not included in line 01.00.

Line 05.00--Total Runs to Stills

Total lines 03.00 and 04.00.

Lines 05.50-11.00--Refinery Output at Own Refineries

Report refinery output by product type for the period. The product slate should relate to the total runs for the company's account (line 03.00). Refer to the Glossary for product definitions.

Lines 11.50-17.00--Total Refinery Output at Other's Refineries (for own account)

Report refinery output of others for the reporting company's account by product type for the period. The product slate should relate to the total runs by others for the company's account (line 04.00).

Line 18.00--Total Refinery Output

Total of lines 11.00 and 17.00.

Lines 19.00-23.00--Capacity--Barrels Per Calendar Day Basis

Report the company's share of total refinery capacity and changes in capacity during the year on a barrels per calendar day basis (see Glossary) for the refineries reported in lines 01.00 and 02.00.

Petroleum Refining/Marketing Segments Sources and Dispositions of Crude and Natural Gas Liquids

Schedule 5245

General

Read the "FRS Overview" section of the instructions concerning petroleum supply and trading before completing this schedule.

Report acquisitions (domestic and foreign volumes) of raw materials as specified. Refer to the Glossary for definitions of classifications appearing in the column headings.

Report all volumes in thousands of 42 U.S. gallon barrels (MB).

Report domestic and foreign volumes for purchase/sale agreements and brokerage activities in accordance with the company's normal accounting practices. Do not report exchanges.

Report transfers of raw materials from the Production Segment to the Refining/Marketing Segment as purchases by the Refining/ Marketing Segment as explained in the "FRS Overview" section of the instructions concerning petroleum supply and trading.

Include intersegment transactions. Report intersegment transfers of refined products between Domestic and Foreign Refining/ Marketing on line 16.00. Note that intersegment transfers between Domestic and Foreign Refining/Marketing net to -0- in the total column.

Include sales to unconsolidated affiliates on line 12.00, which is entitled "unaffiliated third parties." Note the amount of sales to unconsolidated affiliates in a footnote at the bottom of the schedule, if available.

Domestic and Foreign Petroleum Segments Proved Petroleum Reserves

Schedule 5246

General

Report proved reserves of crude oil (and natural gas liquids) and natural gas (and changes therein) by the indicated categories and geographic areas. Natural gas and natural gas liquid reserves should be reported on an "as sold" basis. Refer to the Glossary for definitions.

Reported amounts must relate only to the reporting company and its consolidated affiliates, except for proportional interest in investee reserves. Report amounts as of the end of the reporting period unless otherwise indicated.

Please note that amounts for "production" and "sales of minerals in place" should be bracketed, pursuant to the instructions pertaining to sign conventions on page 3.

If the company acquired reserves through a non-cash transaction (i.e. reserve swap), the value of the transaction and the quantities involved should be reported as part of Exhibit B. The same procedure should be followed if the company paid for reserves during the reporting year but did not take possession until the following year, creating a timing difference.

Domestic Coal Operations Reserves and Production Statistics

Schedule 5341

General

Report domestic coal reserves, production, and production capacity as indicated.

Reported amounts must relate only to the reporting company and its consolidated affiliates.

The term "coal" is defined for FRS purposes to include bituminous coal, subbituminous coal, and lignite. Data relating to anthracite coal should be excluded from all reported figures.

Bituminous, subbituminous, and lignite coal are defined in accordance with the American Society for Testing and the Materials Institute Specification for Classification of Coal by Rank.

Reserves

For FRS purposes, report coal reserve data in accordance with the following guidelines:

- o Report equity reserves.
- o Report reserves on a recoverable, saleable basis. Specify on a separate sheet of paper and attach as part of Exhibit F the recovery factors for surface and underground mines.
- o Include only those reserves in the measured (i.e., proved) and indicated (i.e., probable) categories as defined in U.S. Geological Survey Bulletin No. 1450-B.
- o Report changes in reserves according to the categories indicated.

However, since no uniform definitions exist for measured and indicated coal reserves, coal reserve data may not be available in the company's books and records precisely in the manner described above. Therefore, in reporting measured and indicated reserves use the company's definition of comparable coal reserve categories.

Attach as part of Exhibit F:

- o Describe **in detail** the coal reserve classification system used by the company.
- o Describe **in detail** how this classification system differs from the classification system provided in U.S. Geological Survey Bulletin No. 1450-B.

If the coal reserve data reported on Schedule 5341 differs from the data reported in the company's annual report, describe in detail in Exhibit F the reasons for the variance (e.g., differences due to reporting coal reserves on an "in-place" basis in the annual report and on a recoverable, saleable basis for FRS purposes).

Geographic Breakdowns

Use the following regional definitions to report domestic coal reserves, production, and other operating statistics.

Eastern Region. Consists of the Northern Appalachian Coal Basin. The following States comprise the Eastern Region:

Alabama	Pennsylvania
Georgia	Virginia
Ohio	Tennessee
Maryland	North Carolina
Mississippi	West Virginia

Eastern Kentucky

Eastern Kentucky is defined to include the following counties: Bell, Boyd, Breathitt, Carter, Clay, Clinton, Elliott, Estill, Floyd, Greenup, Harlan, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Less, Leslie, Letcher, Lewis, McCreary, Madison, Magoffin, Martin, Menifee, Morgan, Owsley, Perry, Pike, Powell, Pulaski, Rockcastle, Rowan, Wayne, Whitley, and Wolfe.

Midwest Region. Consists of the Illinois and Michigan Coal Basins. The following States comprise the Midwest Region:

Illinois	Michigan
Indiana	Western Kentucky

Western Kentucky is defined to include the following counties: Bulter, Christian, Crittenden, Caldwell, Daviess, Edmonson, Grayson, Hancock, Hart, Henderson, Hopkins, Logan, McLean, Muhlenberg, Ohio, Todd, Union, Warren, and Webster.

Western Region. Consists of the Northern Rocky, Southern Rocky, Western Interior, and West Coast Coal Basins. The following States comprise the Central Western Region:

Iowa	Idaho
Kansas	Colorado
Missouri	Utah
Oklahoma	Arizona
Arkansas	New Mexico
Texas	Alaska
North Dakota	Washington
South Dakota	Oregon
Montana	California
Wyoming	Louisiana

If any domestic coal reserves or domestic coal production is located in a State not specified above, report this information in Exhibit F. DO NOT include these reserves or production amounts in the figures reported on Schedule 5341. If a mine straddles two geographic regions, classify it based upon the predominate region.

Line 08.00--Weighted Average Annual Production Capacity

Report the company's weighted average annual production capacity of the Domestic Coal Segment. Include the production capacity of mines operated by others for the company's account.

The calculation of the weighted average annual production capacity should be based upon the daily capacities available throughout the year. For example: if one 100,000 ton capacity per month mine is operating on January 1, and if that mine is shut down on August 31, then the weighted average annual capacity of that mine is 800,000 tons.

Use the highest level of output under realistic conditions. Assume availability of labor and materials sufficient to utilize machinery and equipment in place and ready to use at the end of the reporting period. Take into account the additional downtime for maintenance or repair which would be required. Do not consider added costs (additional personnel, overtime pay, materials, repairs, etc.) to be limiting factors on potential.

Provide in Exhibit F specific comments pertaining to the measure of mining capacity used.